



## **City of Saint Paul 2008 State Legislative Agenda**

<i>Topic</i>	<i>Page</i>
Top City Priorities	2
Tax, Revenue & State Aids	3
Transportation	6
Cultural & Economic Development	8
Environment and Energy	12
Housing	15
Education and Workforce Development	19
Public Health and Safety	22
General Municipal Advocacy	23



## **City of Saint Paul 2008 Legislative Agenda Top Priorities**

- 1. Revenue:** The Legislature must fully fund Local Government Aid. Saint Paul has lost a total of \$108 million in state aid over the past six years, and property tax increases have recovered only 25 percent of these losses. In real dollars, the city receives \$31 million less in LGA than we did in 2003. The impact of these losses has been felt by city residents and businesses through property tax increases and service cuts. Each year that we fail to fund LGA, Saint Paul and cities across the state will fall further behind.
- 2. Central Corridor:** The Legislature must identify and commit \$280 million in state funds for the Central Corridor **this session**. Failure to do so will result in significant and costly delays. The City of Saint Paul supports Ramsey County and Met Council's request for this project.
- 3. Five Capital Projects:** The City of Saint Paul has several capital projects that will improve service to residents and visitors throughout the state. The Legislature should fund the following:
  - Minnesota's Event District - \$41.25 million state loan forgiveness & \$43 million in state bonds
  - Como Zoo Gorillas Exhibit - \$11 million
  - SPORTS Initiative - \$15 million for Midway Stadium renovation and \$10 million for soccer park
  - National Great River Park - \$3.8 million for Upper Landing Revetment and \$6.0 million for Bruce Vento and Lilydale Regional Park
  - Asian Pacific Cultural Center - \$5 million
- 4. Major Policy Initiatives:**
  - Green Manufacturing:** The Legislature should look at ways to encourage more green manufacturing, which holds the potential to revitalize communities across Minnesota.
  - Housing and Mortgage Foreclosure Prevention:** In addressing this devastating national issue, the Legislature should look to educate consumers and prevent foreclosures, and give cities the tools they need to reduce the number of vacant homes in their communities.

# **Tax, Revenue and State Aids**

## **Active Agenda**

### Local Government Aid

In 2001 the State of Minnesota enacted property tax reform that provided significant increases in Local Government Aid (LGA) and the state took over responsibility for several programs that previously had been locally financed. These actions resulted in significant property tax relief. However in 2003, in the midst of a budget crisis, LGA was dramatically reduced and long-term changes that were made to the LGA formula have had a significant effect on Saint Paul's budget since that time.

While the 2005 Legislature did attempt to restore some of the lost city aid, no significant formula changes were made. Overall, since 2003, Saint Paul has lost \$108 million in state aid that the city would have received if the state had kept the commitment it made in 2001 to property tax relief.

The City of Saint Paul has dealt with this loss of state assistance by reducing services and raising property taxes. Without restoration of state aid that was previously provided to the city, this pattern is likely to continue in the future.

In terms of property tax increases, Saint Paul city government has been very responsible. Cumulatively, Saint Paul has lost \$108 million in state aid over the past six years. But property tax increases have only recovered 25 percent of these losses. Still, property tax increases have become burdensome for our city's residents and businesses.

### *City Position*

The State of Minnesota should improve the LGA formula to restore previous cuts, reduce the year-to-year volatility of aid levels that cities receive and reform the formula to consider inflation in the cost of providing city services. Saint Paul opposes artificial caps on local government revenues or authority.

Should the State fail to increase critically needed funding for Local Government Aid, the State must provide local governments with options to generate additional revenue to reduce reliance on local property taxes.

### Public Finance

Since 1971 Saint Paul has had special statutory authority to sell Capital Improvement Bonds (CIB) for a variety of public building projects in the city. Saint Paul has used CIB Bonds to build park and recreation facilities, police and fire stations, libraries, and to make street improvements.

This authority is unique – these building projects are not subject to the state-mandated public referendum requirement that must be followed in smaller cities. Instead, Saint Paul is required by law to use its citizen-based CIB process to ensure that city building plans are thoroughly vetted before bonds can be sold and the necessary projects built.

Presently, Saint Paul may sell up to \$20 million in CIB bonds with a maximum term of up to 10 years.

The current special law has a number of shortcomings:

- Saint Paul's statutory authority for CIB is scheduled to expire in 2013. The sunset is beginning to impact our longer-term capital budget planning.
- The maximum annual bond amount we are allowed to issue under the special law is \$20 million, and this number does not adjust with annual inflation. As project construction costs rise in the future, Saint Paul would have to return to the legislature to seek an increase in the cap.
- The term for which we can bond is limited to 10 years. However, for many building projects – fire and police facilities, libraries, recreation centers and street improvements – good practice suggests that the borrowing term should match the expected life of the building or improvement. Also, by amortizing the cost of the building or improvement over its full expected life, the annual debt service payments are more affordable for the city.

#### City Position

Extend Saint Paul's authority to issue Capital Improvement Bonds, allow an annual inflationary adjustment in the maximum annual dollar amount of capital projects that may be financed through CIB, and extend the term for which CIB bonds may be offered to match the expected life of the improvement which the bond sale will finance.

## Support Agenda

#### Revenue Recapture for Local Governments

The State of Minnesota operates a Revenue Recapture Program in which the state can collect debts owed to the state by reducing state tax refunds or lottery winnings owed to debtors. A proposal was included in the 2007 Omnibus Tax Bill that would have allowed cities to participate in the program at the cost of \$15 per submitted claim.

If enacted, Saint Paul could use this tool to increase its bad debt collections. For example, the Public Works Department annually sends about \$100,000 of unpaid bills to a collection agency. This agency typically collects only 23 percent of what is owed to the city, and the city pays a fee of 25 percent of what is collected.

#### City Position

Work with municipal advocacy groups to include cities in Revenue Recapture Program

#### Removal of State Sales Tax on Street Maintenance Supplies, Equipment and Materials

The State of Minnesota requires cities to pay sales tax on a variety of supplies, materials and equipment they purchase. These payments are essentially a transfer of money from one level of government to another, which reduces the resources that cities have available to provide public services.

In Saint Paul, the Public Works Department pays to the state approximately \$1 million annually in taxes on street construction & maintenance supplies, equipment and materials purchases. Put into context, if the money that Public Works pays in state sales tax were kept in the Public Works budget, each year the city could:

- Pave another 8 blocks of neighborhood streets in the Street Revitalization Program; or
- Complete 10 substantial traffic calming projects in neighborhoods; or
- Resurface West 7th Street from the Mississippi River to Randolph Avenue; or
- Repave Grand Avenue from curb to curb from the University of Saint Thomas to downtown; or
- Construct 5 new traffic signals; or
- Buy 150 speed display signs to warn drivers when they're going too fast; or
- Paint street lighting and traffic signals on a six-year cycle, rather than the current 20-year cycle.

The state sales tax on road maintenance supplies means there is less money available for street and road projects.

#### *City Position*

Work with municipal advocacy groups to remove the municipal sales tax on street & road maintenance supplies, equipment and materials purchases.

#### Removal of State Sales Tax on Public Safety Equipment

Another area of city operations subject to the state sales tax on municipal purchases is public safety. While the state exempts from taxation some supplies and equipment used by police and fire personnel, there is a patchwork of tax application. For example:

- Medical supplies purchased and used in an ambulance are not subject to sales tax, but cities must remit sales tax if the medical supplies are carried on fire trucks or police vehicles.
- All personal protective equipment purchased for fire personnel are exempt from sales tax, but all personal protective equipment other than bullet proof vests purchased for police personnel are taxable.
- Repair and replacement parts for fire trucks are exempt from sales tax, but repair and replacement parts for marked police cars are taxable.

A full exemption from the sales tax of all equipment used by police and fire personnel will be simpler to administer and save time for Office of Fiscal Services staff. Also, with upcoming purchases for security equipment to be used during the Republican National Convention, a full exemption would allow us to purchase more equipment for police and fire personnel.

#### *City Position*

Work with other municipal advocacy groups to eliminate the sales tax on all public safety equipment

# Transportation

## Active Agenda

### Central Corridor

The 11-mile Central Corridor light rail transit line will link Saint Paul's Union Depot multi-modal transit hub in downtown Saint Paul to the Hiawatha light rail line in Minneapolis. The Corridor connects the two downtowns, the University of Minnesota, Saint Paul's Midway commercial district and the State Capitol. The project began preliminary engineering in Summer 2007. Construction is expected to begin in 2010, with service beginning in 2014. The Metropolitan Council is the lead agency for design, construction and operation of the line. An estimated 43,000 passengers will ride the line each day by 2020.

Met Council currently must have \$280 million in state matching dollars to meet all federal requirements. State bonding has been slow to accrue, and estimated funds generated by the Motor Vehicle Sales Tax (MVST) have not been met, creating a challenging timeline to meet federal matching guidelines.

Met Council has submitted a request for \$140 million in bonding and is prepared to advocate for an additional \$140 million in state funds via the transportation finance bill to reach \$280 million, the necessary state match to receive federal funds. This effort takes into consideration low MVST dollars and the need to have matching dollars in place by September 2008.

### *City Position*

The State of Minnesota should fully fund the needed \$280 million in state matching dollars to ensure Central Corridor stays on its current timeline. These funds should be reached from both the 2008 bonding bill and a comprehensive transportation funding package that includes dedicated funds for transit and specifically Central Corridor.

The City will continue to work with Met Council as the principal agency to ensure all the needs of Saint Paul residents are met throughout the process of developing and building the Central Corridor including – but not limited to – supporting a sufficient number and placement of stops to maximize the line's social and economic benefits to the region and to the neighborhoods adjacent to the corridor.

## Support Agenda

### Comprehensive Statewide Transportation and Transit Funding

The State of Minnesota has failed to pass a comprehensive transportation package over the last four years. Consequently, the state has delayed regionally significant road construction and reconstruction projects. Saint Paul and surrounding areas are experiencing increased congestion and are lagging behind other regions in making transit investments. Local roads, bridges, sidewalks and trails are critical components to Saint Paul's transportation infrastructure. The City has inadequate resources to preserve and

reconstruct aging infrastructure. Existing funding mechanisms such as municipal state aid (MSA), special assessments and bonding have limited applications, and have been over used to compensate for the growing lack of state funding.

#### *City Position*

Support dedicated funding for transit and transportation capital and operating costs through a comprehensive, regional transportation package that includes enhanced bus service, neighborhood transit connectors, and funding for Central Corridor – related site preparation for the City of Saint Paul. The City also supports sales tax exemption for materials purchased for state and local road, bridge, sidewalk, trail and transit construction.

#### Union Depot

Ramsey County is requesting \$9 million in state bonding. Progress on developing Union Depot into a regional multi-model transit hub is continuing, with the county's purchase of the Union Depot concourse from the US Postal Service. Fifty million dollars in federal funds have been earmarked for the Depot's reconstruction but continues to be threatened as state matching dollars have failed to materialize. Redevelopment of Union Depot is critical to the City of Saint Paul to ensure the City is a destination, not a spoke, off of Minnesota's future transit system.

#### *City Position*

Support Ramsey County's request for \$9 million in state bonding, which is needed to meet federal matching requirements.

#### Other Transit Lines of Significance to Saint Paul

Union Depot is a critical hub for transportation in eastern Minnesota and Central Corridor is the lifeline of that hub. Other communities working together to build a 21<sup>st</sup> century transit and transportation system in eastern Minnesota must also be supported.

#### *City Position*

Support the following projects:

- Rush Line Corridor - \$1 million (Ramsey County);
- Red Rock Corridor - \$2 million (Washington County);
- High Speed Rail - \$10 million (Washington County);
- I-94 Corridor - \$1 million (Washington County); and
- Robert Street Corridor - \$1 million (Dakota County)

# Cultural and Economic Development

## Active Agenda

### Saint Paul Outdoor Recreation and Team Sports Initiative

The SPORTS Initiative incorporates the regional need for both an improved amateur baseball facility and an urban soccer facility. This initiative is recognition of Saint Paul's role as the home to family friendly sports and active recreation in Minnesota.

Saint Paul hosts myriad youth and high school state athletic conferences and the largest Hmong soccer tournament in the Midwest. Investment in civic facilities is good economics; families will come to the metro area for several days at a time during tournaments and national sporting events. Civic facilities create business, with food, merchandise, ticket sales, transportation, and media.

Midway Stadium, wholly owned by the City, is the neighborhood ballpark for the entire state; an investment in basic infrastructure will ensure that Minnesota has a fun, authentic, and affordable opportunity for families in the 21<sup>st</sup> century. Soccer is the fastest growing sport in America, and the metro area is falling excessively short in facilities for youth leagues. Fields will be built on blight and will add to the economy of the region.

The Minnesota Amateur Sports Commission is interested in working with the City to merge this soccer park into an MASC regional soccer facility similar to regional facilities they are sponsoring in other parts of the state. Midway Stadium is the first phase of the SPORTS Initiative with a soccer park slated for 2010 in conjunction with the MASC

### *City Position*

Advocate for \$25 million in bonding for the SPORTS Initiative, with \$15 million for the full renovation of Midway Stadium and \$10 million for construction of soccer facilities.

### Asian Pacific Cultural Center

The mission of APCC is to celebrate, promote and foster understanding of Asian Pacific culture and heritage. Currently their focus is construction of a facility to house education, art, language, dance and other cultural amenities for all Minnesotans to enjoy and to learn about Asian cultures. There are no organizations similar to APCC in Minnesota and as such will not be adding competition but rather complementing the region by providing an important resource for Asian Americans, schools and families learning about Asian culture.

The total \$15 million project will build a 65,000 square foot facility with a multimedia library, banquet hall and kitchen; theatre/cinema, an exhibit space, and multiple classrooms and offices. It is anticipated over 100,000 people will visit APCC in its first year. Revenue generated is estimated at \$2 million to \$3 million annually. The City will own the facility; APCC will operate and manage it. This facility will bring tourists from around the Midwest and the country.



APCC was awarded \$400,000 in planning funds in 2006. They are in the final phases of securing a site at the former Hamm's Brewery on the East Side. The facility will house educational classrooms, music and art rooms, banquet hall and auditorium for educational and celebratory events. Offices and classrooms will be leased by associated organizations.

#### *City Position*

Advocate for \$5 million in bonding for APCC.

#### Minnesota's Event District

The RiverCentre Convention Center, the Roy Wilkins Auditorium, Xcel Energy Center, 317 on Rice Park, the Ordway Center for the Performing Arts and the Science Museum of Minnesota provide great service to our state. In the space of only a few city blocks, downtown Saint Paul proudly hosts a variety of cultural, educational and entertainment venues enjoyed by people throughout our region, state and nation.

While these venues provide great service, we think we can do more to drive convention and visitor traffic to Saint Paul by providing for the ongoing capital needs of this district. Among the creative ideas that have been generated to improve cooperative marketing of the facilities, the Event District partners have identified needs to improve pedestrian and traffic management within the district, improve the skyway connections between the venues and surrounding commercial districts, and update meeting room technology.

However, before these investments can be made, the immediate capital needs of the RiverCentre must be addressed. When the RiverCentre was constructed, there was no state participation in the financing of the building, unlike many other convention and community centers in the state. As a result, for some years the RCVA has been in the unusual position of using operating revenues to pay ongoing debt service and capital costs for the facility. This has not only caused the RiverCentre to become less competitive among national convention facilities, but soon there will not be enough operating revenues to meet annual capital maintenance and equipment replacement needs.

#### *City Position*

To address the RiverCentre's immediate needs and to prepare for future capital projects in the Minnesota Event District, Saint Paul requests:

- Forgiveness of the remaining 13 loan payments that the state required of the city as part of the Xcel Arena construction project. Saint Paul has repaid \$6.75 million of the original \$48 million loan.
- A \$43 million appropriation to the City of Saint Paul, to help defease city-issued bond debt owed on the RiverCentre Convention Center.

## Support Agenda

### Cable Television/Video Franchises

Businesses, residents, consumers and federal and state policymakers have shown a growing interest in improving the advanced video and telecommunication services that are available to the public. As public demand for more and cheaper services have increased, telecommunication service providers have claimed that local franchising laws are hampering their ability to provide video services. These companies have petitioned federal and state governments to do away with city-based cable franchises.

This year the Minnesota Legislature will consider a proposal to enact a statewide cable franchise process for Minnesota. Cities and consumers have much to lose.

Presently, the City of Saint Paul receives payments and services worth over \$2 million annually from its cable franchisee. The City uses this money to pay for Public Access, Educational and Government (PEG) programming, to oversee construction and maintenance done by the cable franchisee in city rights-of-way, and to connect municipal buildings to one another through an institutional network (I-Net). Statewide franchise laws enacted in other states have threatened or eliminated these public benefits. If these fees were not paid, then the services could not be provided or property taxes would have to be increased.

It is also important to note that telecommunication companies advancing the proposal are opposed to current law which requires that they serve a whole community, rather than pick and choose which neighborhoods they wish to serve.

### *City Position*

Saint Paul supports the current law method of granting cable television/video telecommunications franchises. Current law is not a barrier to the increased competition that is needed to ensure that companies will continue to provide more and better cable television/video telecommunication services to our whole community.

### Gigabit-speed Internet Service

As the Internet becomes an ever more important portal for education and commerce, it is critical that citizens and businesses have affordable and reliable high-speed internet access. However, Minnesota does not now have a state policy or the planning framework necessary to ensure ubiquitous service to the internet.

This year a group representing the public sector, private business, academic institutions, state and local government and telecommunication providers will recommend to the legislature service delivery goals and a planning framework to encourage the development of such a network.

This “Gig Group” has noted that, “Economic development is increasingly dependent on the availability of broadband. Expanding the availability and use of broadband technology will grow new markets for business, improve educational access. . . increase

the potential to attract and retain high paying jobs, improve the quality of life and provide Minnesota citizens and businesses with the capabilities necessary to compete in today's dynamic global marketplace.”

The group has suggested that a statewide goal of one Gigabit bi-directional bandwidth be commonly available to schools, businesses, institutions and homes by 2015. This high-speed service should be ubiquitous, affordable and reliable. The group also recognizes that state and local governments have key roles to play with regard to direct investment in construction and in creating the proper environment to induce private investment.

#### *City Position*

Support efforts to create a policy framework that will lead to affordable, ubiquitous broadband access throughout the state by 2015.

#### *Transit-Oriented Development*

As the state and cities invest in transportation projects such as the Northstar Line and the Central Corridor, there is an opportunity to create housing and commercial projects that will take full advantage of the new public infrastructure. As the entities with the primary responsibility for economic revitalization within their borders, cities are best positioned to help the state meet goals of increasing the use of public transportation, use land efficiently, induce the construction of more mixed-income housing and reduce reliance on fossil fuels.

#### *City Position*

Support more flexibility for cities to use existing redevelopment tools to take advantage of public transportation investments. Support state funding for public benefit projects in areas surrounding public transportation zones.

## Environment and Energy

### Active Agenda

#### Como Zoo Gorilla Exhibit

Eleven million dollars in bonding monies are being requested to renovate the Zoo's gorilla exhibit and to complete the costs of renovating the polar bear exhibit. Como Zoo is one of Minnesota's most popular destination points, with 1.7 million visits a year from families and schools. The Zoo is free and open to the public year-round. Less than 18% of the Zoo's visitors are from the City of Saint Paul; schools visit from all over the State.

Exhibit standards and animal care practices have changed dramatically; improved exhibits will ensure the health and vitality of Como's animals while creating unique educational opportunities for youth and families. The improvements will result in larger outdoor spaces, expanded viewing areas, and quality interior space for training programs and general standard of care. Improved viewing and learning opportunities will increase visitors which will impact the surrounding economy.

The gorilla exhibit funding plan includes \$10.2m in state funds. The 2006 request for polar bears was \$10m, and \$9m was secured. The project is fully vetted, and construction on the polar bears exhibit will begin next spring. A fundraising campaign is underway.

#### *City Position*

Advocate for \$11 million in state bonding to complete the polar bear renovation and fully funding the gorilla renovation.

#### Bruce Vento Nature Sanctuary and National Great River Park

The City of Saint Paul is requesting a total of \$9.8 million in bonding dollars, with \$6 million slated for the Bruce Vento Nature Sanctuary and Lilydale Regional Park and \$3.8 million to complete revetment efforts along Upper Landing.

Funds will be used for acquisition at the Bruce Vento Nature Sanctuary, planning and design funds for a Bruce Vento Interpretive Center or other facility, and acquisition at Lilydale Regional Park.

The acquisition proposed includes 2.5 acres of land adjacent to the nature sanctuary for the proposed Bruce Vento Interpretive Center, a place for children and families to learn about the ecology of the Mississippi River, its value as habitat for nearly half of North America's migrating birds and waterfowl, and all the cultures throughout history who have lived along the river.

The other acquisition proposed is 1.5 acres of land in the Lilydale Regional Park to save valuable land currently in jeopardy of private sector development and incompatible uses. The Lilydale property is currently a visual blight on the landscape at the main entry area into one of the region's largest and most diverse natural areas, including fossils, a 100

acre lake, wetlands and wooded areas, and only a short walk from the Minnesota State Capitol.

Ecotourism is a critical component of Minnesota's tourism industry; the 2,500 acres of National Great River Park should be organized and managed to expand and complement existing ecotourist destinations. Currently National Great River Park hosts 3.2 million visitors annually.

An additional \$3.8 million is being requested to complete rip rap along Upper Landing in downtown Saint Paul. This funding was included in the 2007 bonding bill at to leverage \$2.5m in federal funds as approved in the SAFET-LU bill and was vetoed in the 2002 bonding bill. Saint Paul Parks was able to receive a 2<sup>nd</sup> extension of the federal grant. This work completes the initial efforts around Raspberry and Upper Landing Parks within the core of the Mississippi River in Downtown Saint Paul, providing erosion control and replacing 60 year old concrete slate which is cracking and falling into the river.

#### *City Position*

Advocate for \$9.8 million in bonding for Bruce Vento Nature Sanctuary, Lilydale Regional Park, and revetment along Upper Landing in Downtown Saint Paul.

#### Green Jobs Redevelopment Sites

A worldwide conversation is occurring about global climate change and how atmospheric changes will affect human civilization in the future. We can be proud that Minnesota has been a national leader on several fronts, as the first state to enact a wind power mandate, mandate ethanol and biodiesel blends and to nurture biorefineries. For almost 20 years Minnesota has required gas and electric utilities to spend a portion of their funds on energy conservation. And just last year the state adopted one of the most aggressive renewable electricity standards in the nation.

With the daunting challenge in solving problems such as global warming, there are strategic economic opportunities, too. Mayor Coleman and Mayor Rybak of Minneapolis commissioned the *Mayors' Initiative on Green Manufacturing* to study the challenges and opportunities to attract and expand green manufacturing in our cities. Included in the study group are individuals representing industry, labor, environmental advocacy organizations and staff from the two cities.

The group has concluded that there are opportunities for green manufacturing projects to be market competitive in several industries. The cities can build on their advantages -- available buildings and land with existing infrastructure, a densely-located and thorough supply chain, short commutes, access to multiple transportation modes including public transit and access to green power sources.

For Saint Paul, the issue of redevelopment for good-paying jobs is very important. Since 1988 the city has lost 80 percent of its manufacturing jobs. As manufacturing jobs typically pay 10 to 20 percent more than other jobs, these losses have had an effect on whole city neighborhoods.

Minnesota has the chance to lead the state once again by creating a fund for the redevelopment of sites in our core cities for good-paying jobs with plants that produce products or use processes that are good for the environment.

#### *City Position*

Create a section within the existing Minnesota Investment Fund law for green manufacturing redevelopment projects in Saint Paul and Minneapolis.

## Support Agenda

### Metropolitan Parks and Open Space Commission

The City of Saint Paul is one of 10 parks implementing agencies supported by the Met Council's Metro Parks and Open Space Commission. A portion of this agency's funding is state bonding every two years.

#### *City Position*

Support Metro Parks request of \$10.5 million in state bonding.

### Constitutional Amendment to Dedicate Funds for Outdoors, Arts and Parks

In 2007, a House-Senate conference committee agreed on a constitutional amendment and ballot language asking voters in 2008 whether they wished to increase the state sales tax by three-eighths of one percent and dedicate the revenue to the following purposes:

- At least 25% to protect, enhance and restore our wetlands, prairies, forests, and fish, game and wildlife habitat;
- At least 25% to protect, enhance, and restore lakes, rivers, streams and groundwater;
- At least 15% to protect drinking water sources;
- At least 15% to support parks and trails, including Saint Paul Parks and Como Zoo; and
- At least 10% to preserve arts and cultural heritage.

Although the bill was not enacted upon by the legislature before the end of the 2007 session, advocates expect that the bill will pass quickly at the beginning of the 2008 legislative session, which would allow supporters to organize a campaign to pass the amendment. Various versions of the bill in 2007 and prior years dedicated less than 15% to regional parks systems; the final bill to pass conference committee in 2007 provided an increased allotment in this area.

#### *City Position*

Support passage of the ballot question, which dedicates no less than 15 percent of new revenues to regional parks systems.

# Housing

## Active Agenda

### Targeted Neighborhood Revitalization Program

The national epidemic of mortgage foreclosures has hit hard in Minnesota. In our city, the Department of Planning and Economic Development last estimated that there will be nearly 2,000 home foreclosures and over 1,400 vacant homes when the books close on 2007. This is many times more than typical.

As the City of Saint Paul has considered its options in how to respond, Department of Planning and Economic Development staff have produced several potential strategies that the city has authority to undertake without state or federal authorization. These include:

- Develop a City/HRA Land Trust or work with an existing Land Trust. The Land Trust would own the land that a house sits on; homeowners would own the buildings. This would allow properties to stay as single-family or rental and maintain long term affordability for owners and renters.
- Make funds available to purchase, demolish or rehabilitate vacant properties. In particular, funding for purchase and rehabilitation of large-family rental housing, due to long waiting lists. Also, consider new assistance programs for owner-occupied rentals.
- Provide First Mortgage Loan funds (if no lenders will come forward) to provide mortgage loans for 1) Refinance of households facing foreclosure, to assist keeping them in their homes; and 2) Homebuyers purchasing, purchasing with rehabilitation or refinancing with rehabilitation in distressed areas. These would assist households that do not qualify for existing mortgage products due to income, credit issues, etc.
- To encourage new residents to move into a home in a distressed area, financial assistance could be provided to write down the interest rate on new first mortgages. If the city provided some funds, lenders might come to the table to create a pool of mortgage funds for use in targeted areas. This would open up another source of lender financing and thereby reduce the amount of funds needed from public entities.
- Provide Equity Participation Loans, which would be used to reduce the first mortgage on properties to an affordable level, so households can purchase/refinance homes. The Equity Participation Loans are mortgages that have no monthly payments and are due upon sale or refinance of the property, or when the property is no longer homesteaded. This would allow households to have a reasonable/affordable payment, so that they have the funds to maintain their homes and be a more stable influence in the community. Also, this type of program could entice lenders to adjust underwriting criteria because the lender has a lower loan to value on the first mortgage.

- A Mortgage Risk Reserve could be created to help mortgage lenders offer better financial products to families facing foreclosure or families with damaged credit. The financing could become a grant and/or patient money paid back over a long period of time, to create a revolving fund. This type of reserve would encourage lenders to underwrite families facing foreclosure or some credit issues because the risk reserve could be tapped if necessary in case of losses or future default.

While the city has the authority to undertake these strategies, Saint Paul is suffering through a difficult budget environment and sufficient funding is not available.

To fully respond to the housing and neighborhood economic development needs that have arisen as a result of foreclosures and vacancies throughout the city, department staff has estimated overall funding needs for next year total \$53 million. Their estimates include:

- \$5 million in Invest Saint Paul neighborhoods and \$10 million throughout the rest of the city for residential acquisition, demolition and rehabilitation programs; purchase and refinancing assistance programs; vacant property rehabilitation; and homeowner equity participation loans.
- As much as \$34 million for new home mortgage and mortgage refinance programs throughout the city.
- \$4 million for strategic acquisition of commercial property; business expansion assistance; and other small business incentives in neighborhood commercial corridors.

As we look for partners to help us respond this statewide and national epidemic, we believe that the state-run Targeted Neighborhood Revitalization program should be updated and funded.

From 1988 to 1992, the State of Minnesota operated the Targeted Neighborhood Revitalization program to help the cities of Saint Paul, Minneapolis, Duluth and South Saint Paul redevelop neighborhoods that suffered from business and housing disinvestment. The notable features of the program were the selection of targeted neighborhoods for state partnership, based upon demonstrated needs and community support; flexibility in which funds could be used for redevelopment projects within the targeted neighborhoods; and the matching funds requirement that helped leverage other city and private funds.

Over the period of time that Targeted Neighborhood Revitalization Program was operational, Saint Paul received \$8 million from the state for redevelopment purposes, added \$7.1 million in matching funds, leveraged \$5.4 million from other city programs and received \$25 million in private funding. Unfortunately, the program was defunded during state budget shortfalls of the early 1990s, but the program still exists in statute.

As Minnesota and these cities again suffer through another round of disinvestment – this time brought about by the mortgage foreclosure crisis – it is appropriate and necessary that the state provide funding assistance to cities hit hardest by the foreclosure.



### *City Position*

Update the Targeted Neighborhood Revitalization Program and provide funding to cities that have neighborhoods with substantial numbers of vacant, dilapidated buildings.

## Support Agenda

### Mortgage Foreclosure and Vacant Buildings

While distressed neighborhoods throughout the state have taken the brunt of the impact if the national mortgage foreclosure epidemic, communities throughout the state have been affected. A large group of stakeholders that include state policymakers, local government staff, representatives from the financial services industry and housing advocates have been working through potential responses. Saint Paul Planning and Economic Development staff have been active on the work groups making suggestions to the state policymakers. The most recent list of ideas being considered is listed below.

### *Vacancies & Local Ordinances*

- Giving municipalities tools to prevent housing to waste away while waiting for new owners/occupants
  - Limited Right of Entry -- Improved ability for city staff to enter vacant buildings
  - Require installation of security systems. If a city has to install, ability to recoup cost at sale
- After Sheriff's sale, limit Redemption Period of a vacant foreclosed property to five weeks. Current law is 6 months.
- Extend a charitable deduction for lenders willing to donate property to non-profit developers
- Extend eviction notice from 30 days to 90 days or more
- Increased Eminent Domain powers under certain conditions
- Provide incentives to buy properties in certain areas
- Allow cities to assess fees for maintenance, inspection and monitoring of properties
- Early Money Fund – to prevent foreclosure.

### *Counseling for Foreclosure Prevention*

- State to provide additional funding for existing programs
- Perhaps consider financial assistance for mortgage reinstatement or refinancing
- Protect homeowners, small-time investors, or both?
- Tax or other incentives for financial servicers to reinstate/refinance loans, help with counseling for their clients, etc.
- Target special funds to small areas hardest hit with foreclosure – WI did this in Milwaukee

### *Tenant & Landlord*

- Extra protection for tenants when an investor/landlord is being foreclosed – utilities, property maintenance, allow tenant to remain during foreclosure

- Extra help for displaced renters, such as credit counseling and help finding another home

### *Data Reporting*

- Establish a statewide data reporting and collection system for information on loans, and require filings whenever a loan is sold, foreclosed, etc.
  - Require that property addresses be included
  - Increase data that's required to be reported, and centralize in the SOS, rather than by county
  - Would include contact info for mortgagee, whether loan is subprime, adjustable rate, etc.

### *Foreclosure Remedies*

#### Civil & Criminal Remedies

- Add new private rights of action, stronger civil damages & fines
- Increase Usury cap from \$100,000 to \$200,000, which will bring more non-bank mortgages under the protection of existing Usury laws. Violation of Usury laws would cause a lender to forfeit all principal and interest owed on a property.
- Stronger enforcement powers for the Dept of Commerce or the Attorney General.
- Create appraisal crime and crime of inducing an appraiser
  - More/improved Continuing Education classes for realtors, brokers, etc
- Regulate mortgage advertising
- Moratorium on certain types of mortgages
- Human Rights Act amendments, related to discrimination in mortgage lending
  - Extend Statute of Limitations
  - Increase punitive damages
  - Expand the right to file a claim

#### Pre-Foreclosure Reform

- Incentives for Borrower-Lender Mediation
- Extend reinstatement period for borrowers working with lenders
- Update existing Notice to Homeowners, so that it's more useful
- Increase information given to homeowner in Notice of Intention to Foreclose

#### Foreclosure Process Reform

- Bifurcated foreclosure process for residential vs. commercial property
- Faster response by servicers/lenders to requests for payoff amounts
- Provide more homeowners without property equity to end homeownership early with rent vouchers, other benefits
- Allow for faster non-judicial foreclosure

### *City Position*

Support initiatives that will reduce the incidence of mortgage fraud, improve the information and counseling given to borrowers before they sign for a mortgage, and

speed up the process for getting a foreclosed property back into use. Improve tools for cities to deal with neighborhoods with a concentration of poor quality, foreclosed, vacant housing.

## **Education & Workforce Development**

### **Support Agenda**

#### After School Community Learning Programs

As part of our city's efforts to improve the service we give to children in our libraries and park and recreation centers during out-of-school time, last year Saint Paul requested direct project funding from the legislature for city education initiatives. The legislature heard our requests and those of other communities and responded by creating the After School Community Learning Program. Cities, nonprofit organizations and school-based programs compete through a RFP process for available funding. The state program received \$2.7 million for 2008 and \$2.6 million for 2009, but no guaranteed funding after that time.

After the session, the East Side Learning Collaborative – made up of the City of Saint Paul, the Saint Paul Public Schools and 15 community-based organizations – applied for and received \$450,000 over the next two years from this fund. East Side children ages 6 to 17 will have increased access to year-round out-of-school learning opportunities. After school learning is an important initiative of the city, and we should continue to support this important state program.

#### *City Position*

Support increases in the After School Community Learning Program as part of any education funding increase enacted by the 2008 Legislature.

#### Building Lives

The Ramsey County Workforce Investment Board is requesting \$1 million in state and general funds in 2008 to continue funding the Building Lives Program. The program began working with Ramsey County youth as a demonstration grant project from the US Department of Labor. The program focus was to provide a caring adult and guide to adjudicated delinquent, or high-risk of adjudication youth with s/he participates in educational, personal growth, and career-building opportunities. The program, which ran year-round for three years, was very successful, with results citing that 94% of participants did not re-offend. Despite its success, federal grant funds were not continued.

The 2007 Legislature supported \$100,000 for this program; it was line-item vetoed by Governor Pawlenty.

#### *City Position*

Support the \$1 million request of the Ramsey County Workforce Investment Board.

### Saint Paul College

The Minnesota State Colleges and Universities is requesting \$13.5 million in capital funds from the legislature to renovate and construct space on the ground floor of the Saint Paul College to remodel classroom space and expand the truck mechanics shop.

Academic programs that will be affected by this second phase of the remodel include auto body repair, automotive technician, diesel truck mechanic, carpentry, pipefitting, cabinetmaking, major appliance repair and chemical technician. The College will create a "Construction Trades and Transportation Academy" after the work is completed.

MnSCU reports that minority enrollment made up 45 percent of Saint Paul College's total enrollment in 2006. The project ranks 4<sup>th</sup> of 37 projects requested by MnSCU.

### *City Position*

Support MnSCU's request for the Saint Paul College capital facilities project.

### Metropolitan State University Classroom Center Addition

Metro State is requesting \$4.98 million to complete the last phase of the planned quad development, which will finalize the original campus master development plan.

The project will demolish the upper level of the Saint John's Hall "Power Plant" annex, and rebuild the upper two floors to provide a climate controlled link between St. John's, New Main, and the Library.

Additional classrooms will be provided to address over-crowding during non-traditional days and hours, as well as to facilitate learning through instructional use of leading-edge technology. It will also provide additional office space on campus where faculty and advisors are most visible and accessible to students. This is particularly needed for Instructional Technology Programs, Computer Technology training, Science, Business and Nursing programs.

The project ranks 16th among the MnSCU system's 37 project requests.

### *City Position*

Support MnSCU's request for the Metropolitan State University's capital facilities project.

### Early Childhood Learning and Child Protection Facilities

The Minnesota Department of Human Services (DHS) operates the Early Childhood Learning and Child Protection Facilities grant program. This program provides state bond funds to help construct and rehabilitate facilities used by Head Start, early childhood family education, early childhood intervention, and crisis nurseries programs.

Cities, counties, or school districts are eligible recipients of grant funds and must apply through a competitive Request for Proposals process. Priority is given to projects that involve partnerships between early childhood programs, and projects that serve areas with a high percentage of children living in poverty.

### *City Position*

Support an increase of \$7 million for the facilities grant program, which is the level of support suggested by the early childhood advocacy group *Ready for K*.

### Workforce Training

Residents of Saint Paul continue to face a challenging employment marketplace as the state and national economy continues to deteriorate. The recent transfer of 3M plant jobs to other cities, and the pending closure of the Ford plant are but two examples of city employers who have chosen to cease operations in the city.

To maintain our city's current job base and attract new employers, Saint Paul must have a well-trained workforce. While the City works with community partners to build opportunities for employment in the manufacturing, health care, and construction industries, the State of Minnesota must increase funding and provide further opportunities for city residents to receive job training that leads to employment in good-paying jobs.

### City Position

Support efforts to increase funding for job search assistance, skills training, childcare, and related programs to help people find and retain employment.

## Public Health & Safety

### Active Agenda

#### Trespassing in Critical Public Service Facilities

Saint Paul is home to nearly 600 miles of underground tunnels and sewers, many of which are used to provide power, telephone, water, sewage, wastewater, or other related utility services to residents. Utility companies and Saint Paul public safety officials are concerned that vandals could do significant damage to critical infrastructure. Or, trespassers could become trapped in a hard-to-access point in the city tunnel and sewer system, requiring city personnel to undergo a dangerous and costly rescue.

The city has earned the dubious distinction of being a national destination for “mousers,” or people who explore these dangerous tunnels and caves. The internet has linked thousands of interested mousers who law enforcement believes travel to Saint Paul each year.

Current law includes an unduly burdensome “no trespassing” posting requirement that eliminates the option of prosecution unless the city posts signs on each opening that include the following:

- (1) state "no trespassing" or similar terms;
- (2) display letters at least two inches high;
- (3) state that Minnesota law prohibits trespassing on the property; and
- (4) are posted in a conspicuous place and at intervals of 500 feet or less.

The posting requirement would mean that the city would need to put up thousands of signs on every manhole cover and in underground tunnels throughout the city.

#### *City Position*

Change state law to make it a crime for unauthorized individuals to be in an underground utility tunnel.

### Support Agenda

#### Saint Paul & Minneapolis Drinking Water System Interconnection

The Minnesota Department of Health is requesting a \$10 million state grant to help fund an interconnection between the Saint Paul and Minneapolis drinking water systems, providing backup water in case malicious or natural actions cause a water loss for either system.

The Governor’s Clean Water Cabinet has included this project on their priority project list. Also, the Metropolitan Council Metropolitan Area Water Supply Advisory Committee’s 2007 Report to the Legislature recommends: “support for state funding for interconnections and other physical water system backups to ensure the reliability, natural resource protection, safety and security, including economic security, of the region and

state. Consistent with this recommendation, support an appropriate level of state funding for the proposed Minneapolis and St. Paul water supply systems interconnection.” The Department of Homeland Security places a high priority on water system security.

*City Position*

Support the project request.

Steps to a Healthier Minnesota

The Minnesota Department of Health is requesting \$26 million from the state to create a fund that would finance projects and education programs that help to reduce or eliminate obesity, heart disease, diabetes and lung disease. These state funds would support local programs, and Parks Director Bob Bierscheid is on the project leadership team.

The proposal has been developed with assistance from the Centers for Disease Control. Saint Paul Public Health, the cities of Minneapolis, Rochester and Saint Cloud, and Hennepin & Ramsey counties are also expected to support the request.

*City Position*

Support the project request.

## **General Municipal Advocacy**

*City positions*

Support the 2008 legislative agendas of the League of Minnesota Cities and MetroCities, except in cases of conflict.

Support a demonstration project in the City of Saint Paul as a precursor to ensuring that all children in the state have access to adequate health insurance.

Support the rights of cities to manage their operations without inappropriate interference from the state. The state should not attempt to coerce cities to change their ordinances by threatening to withhold property tax relief for city residents. Local voters are the appropriate authority to hold local governments accountable for their ordinances.